

# ***Performance Management (Quality Assurance) The Move to Insight***



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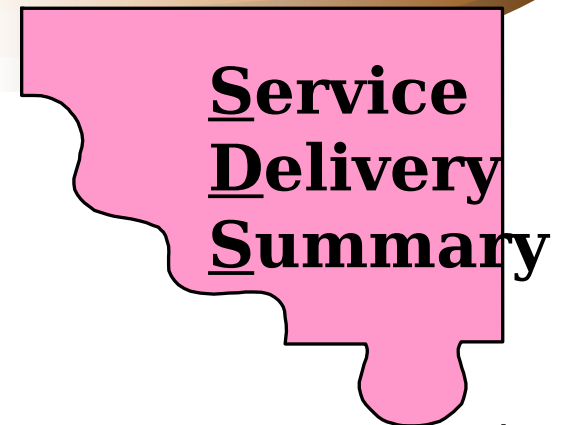
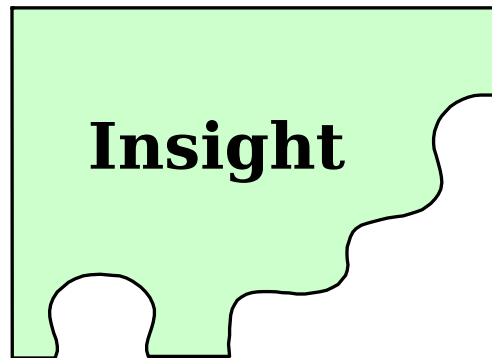
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Steve Alsup, HQ AFSPC/CONF

# *Performance Management Over View*

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**nce  
Plan**

# *You Might Need This Training If:*



- You think **insight** is an elk in your cross hairs
- You think **oversight** means you don't need eye glasses
- You think **commercial** is what interrupts your favorite TV show
- You think **past performance** is an old movie
- **Your boss said so!**

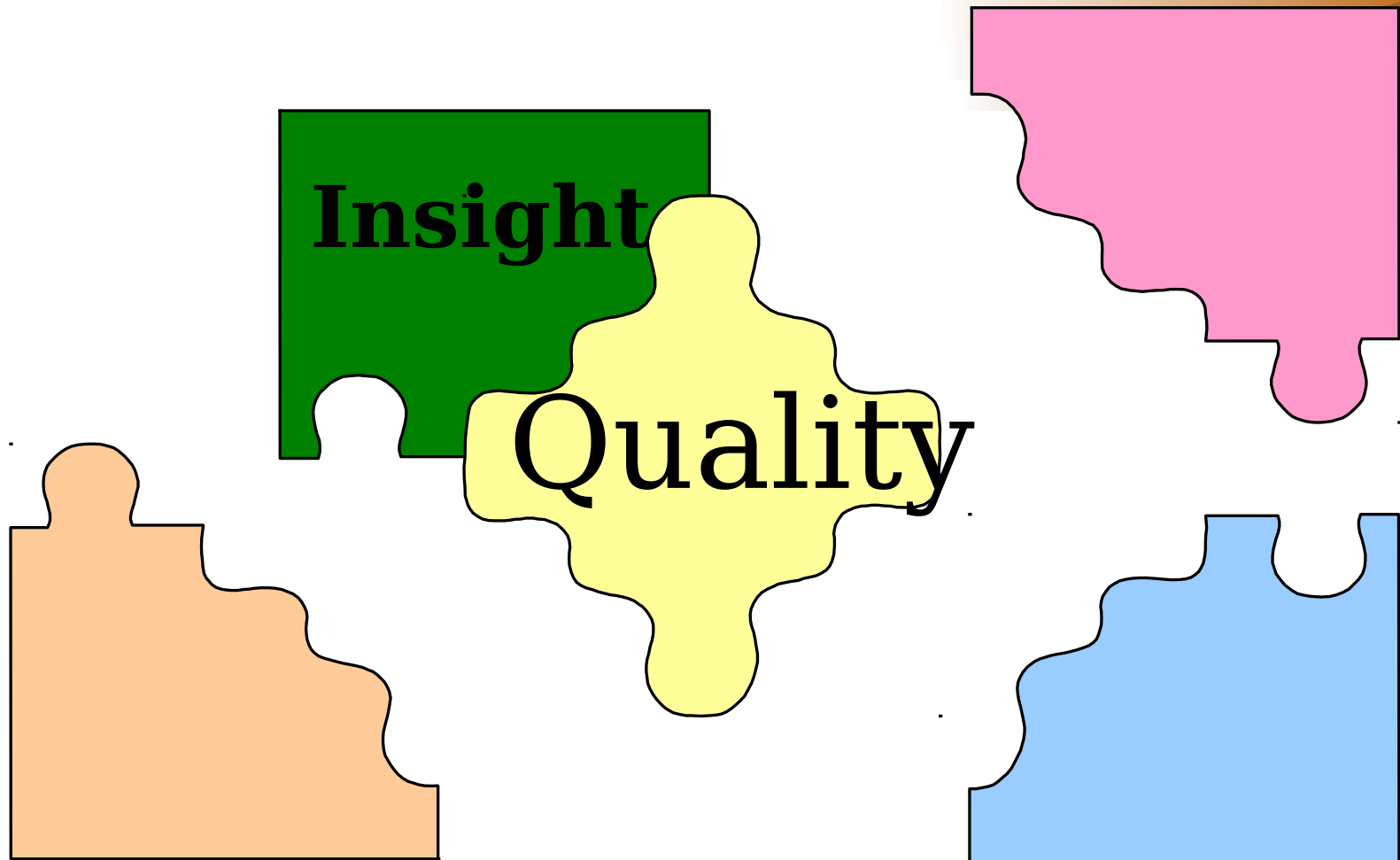
# *AFI 63-124 Culture Changes in Performance Management*

- AFSPC has had two QA programs for service contracts, “operational” and “specialized”
- Goal is a single policy that uses best QA approach for each requirement
- “QA personnel” includes QASs and QAEs
- The implementation of a formal DoD Past Performance Information (PPI) database

# *Performance Management*

## *Putting It All Together*

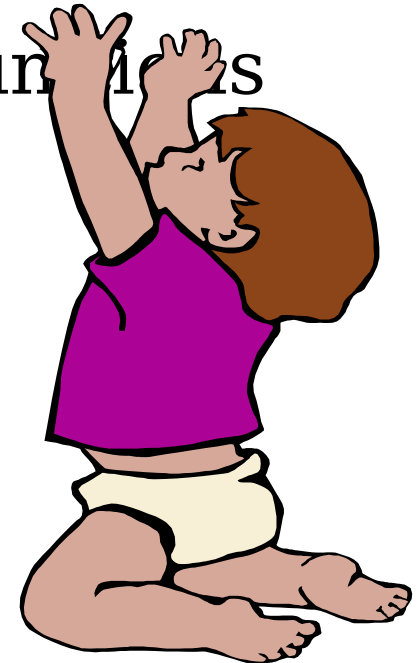
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# *Insight*

- What is it?
  - Confusing
  - Many interpretations/definitions
  - Evolving

- Where are we? **Young!**



# *Perceptions About Insight*



- Insight is what you do when you take a 50% manpower cut
- We tend to do a diluted form of oversight and call it insight
- There is a different definition of “insight” for each program and organization
- AF inherently assumes more risk if we shift to insight
- Business as usual - The AF just calls it Insight instead of Oversight

# *Perceptions About Insight*



## ✂ Oversight

**In-process and end-item inspections and document reviews aimed at detecting problems, performed on-site by a customer (or agent thereof)**

## • Insight

**A customer's (or agent thereof) risk-based understanding, validation, and surveillance of a supplier's management systems and process performance metrics to assure product quality and contract compliance**



# *Why Insight ?*



- The Beginning: Acquisition Reform
  - Secretary of Defense Perry Initiative
    - Remove military specs and stds
    - Use commercial specs and stds
    - Reduce direct oversight
- Recognize Contractor Ability
- Recognize Contractor Responsibility
  - Shift programmatic responsibility for mission execution and success to the contractor

# *Oversight vs. Insight*

## Oversight

Traditional Approach

Detection & Correction

Fix the defect Fix the defect

Fix

## Insight

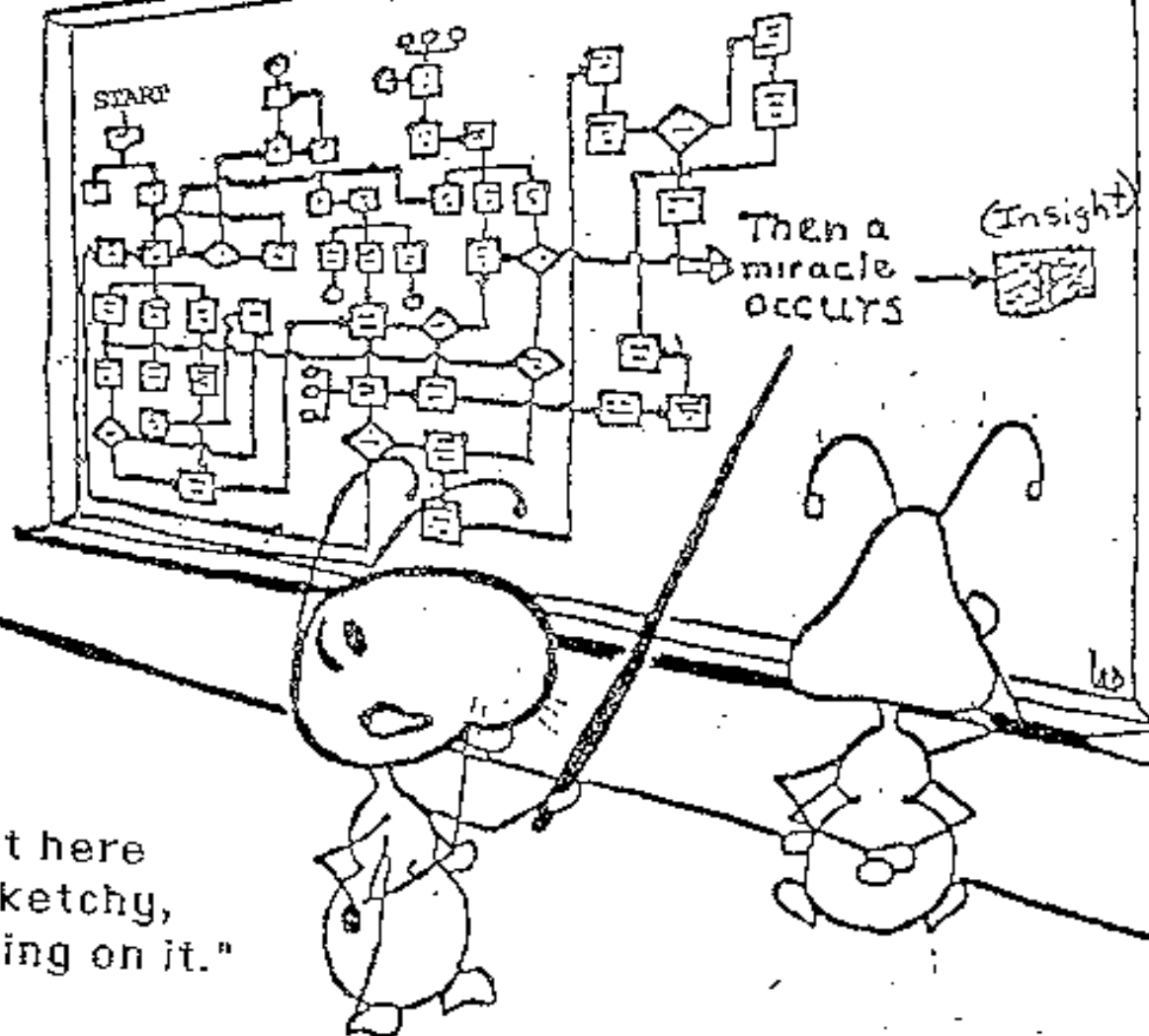
Process Approach

Prevention & Improvement

Fix the cause

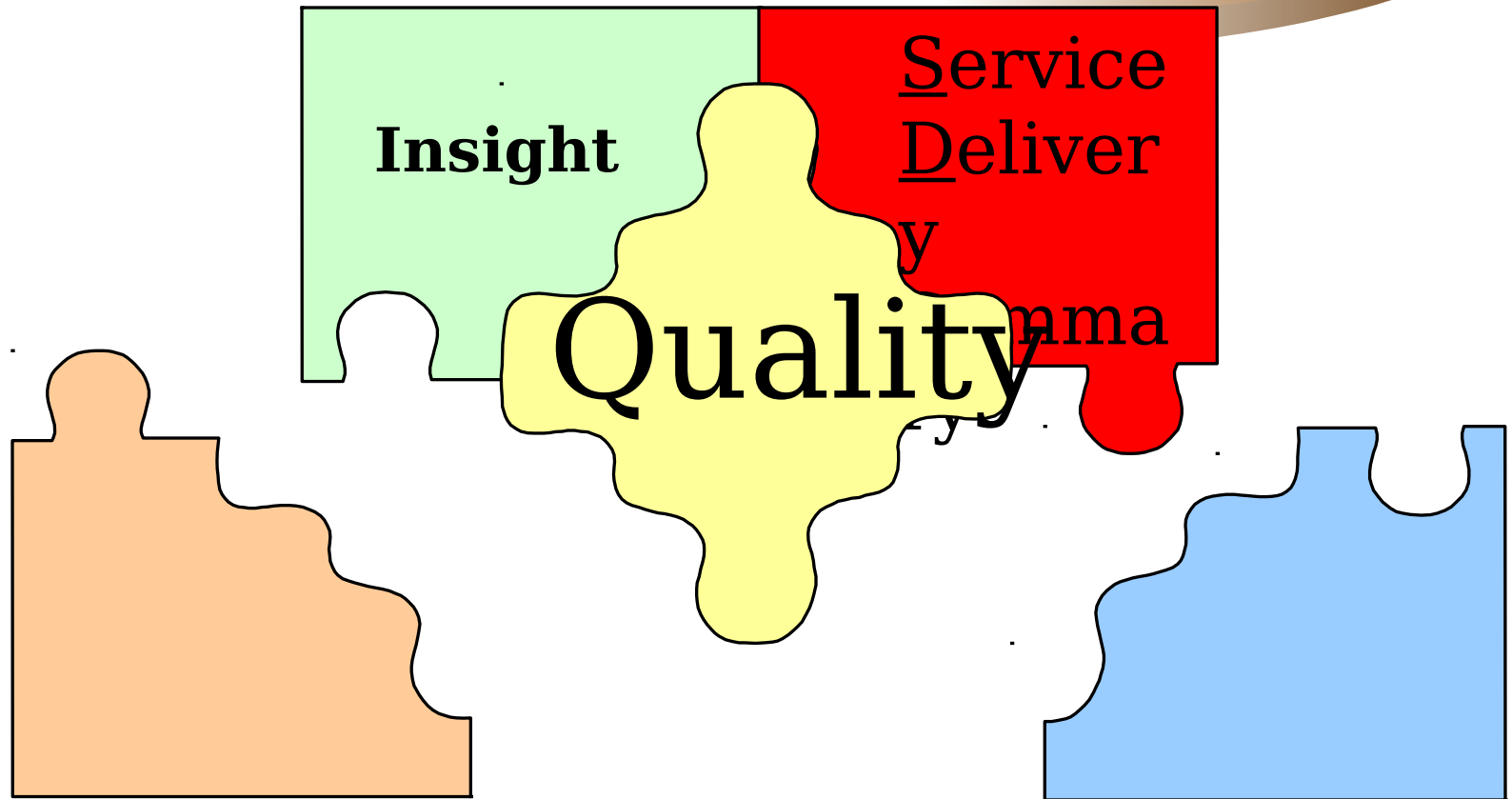


"The detail right here  
is still a little sketchy,  
but we're working on it."

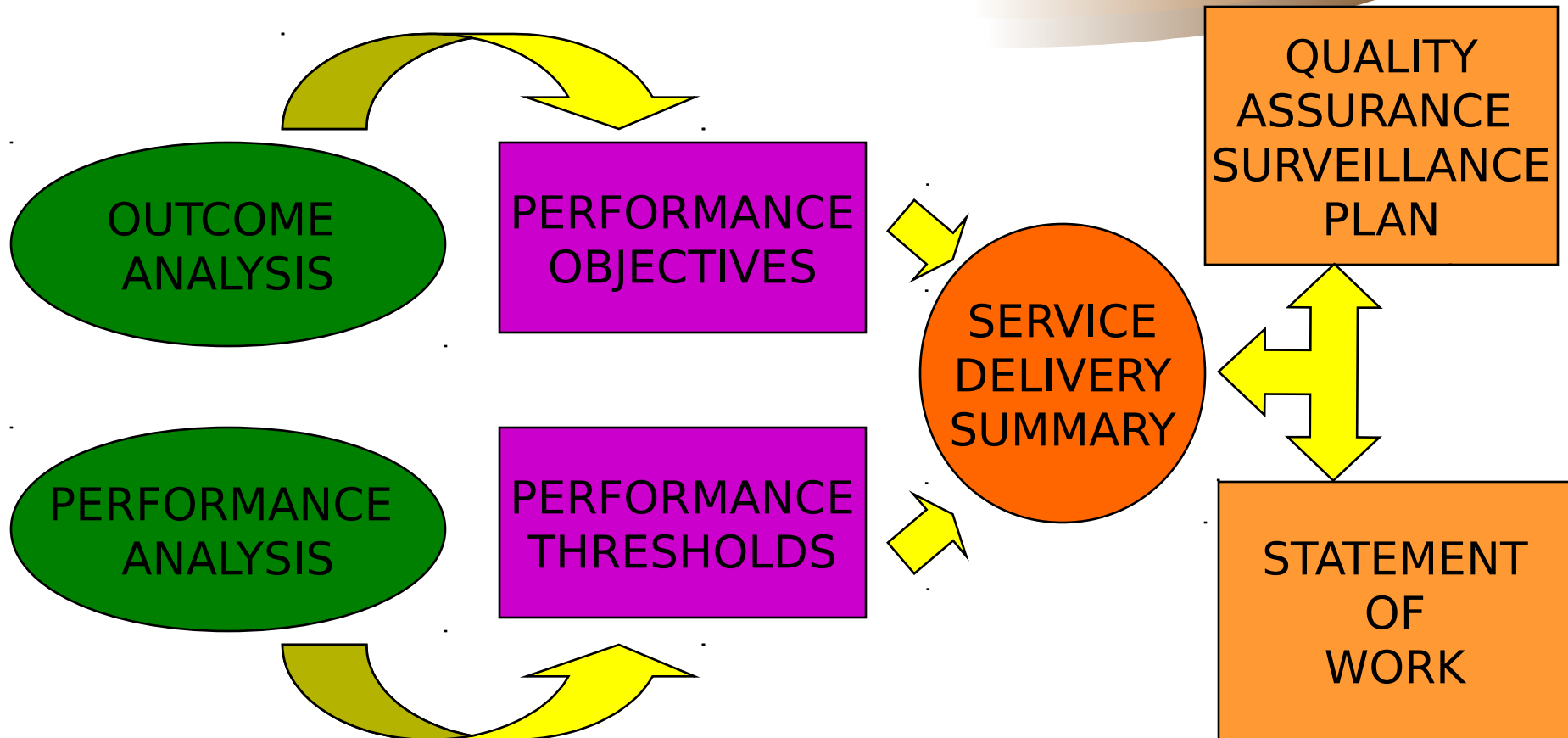


# *Performance Management*

## *Putting It All Together*

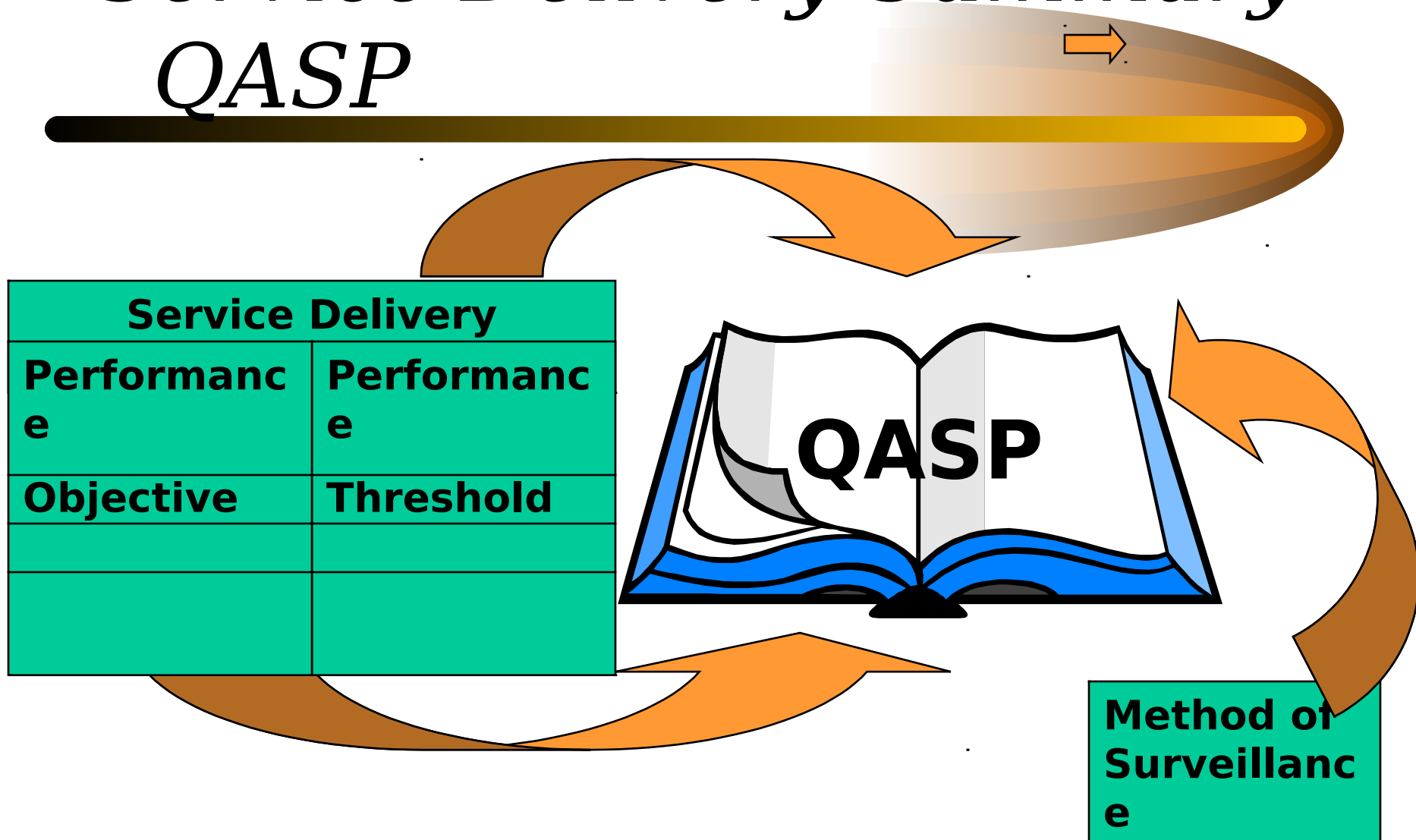


# *PBSC Process*



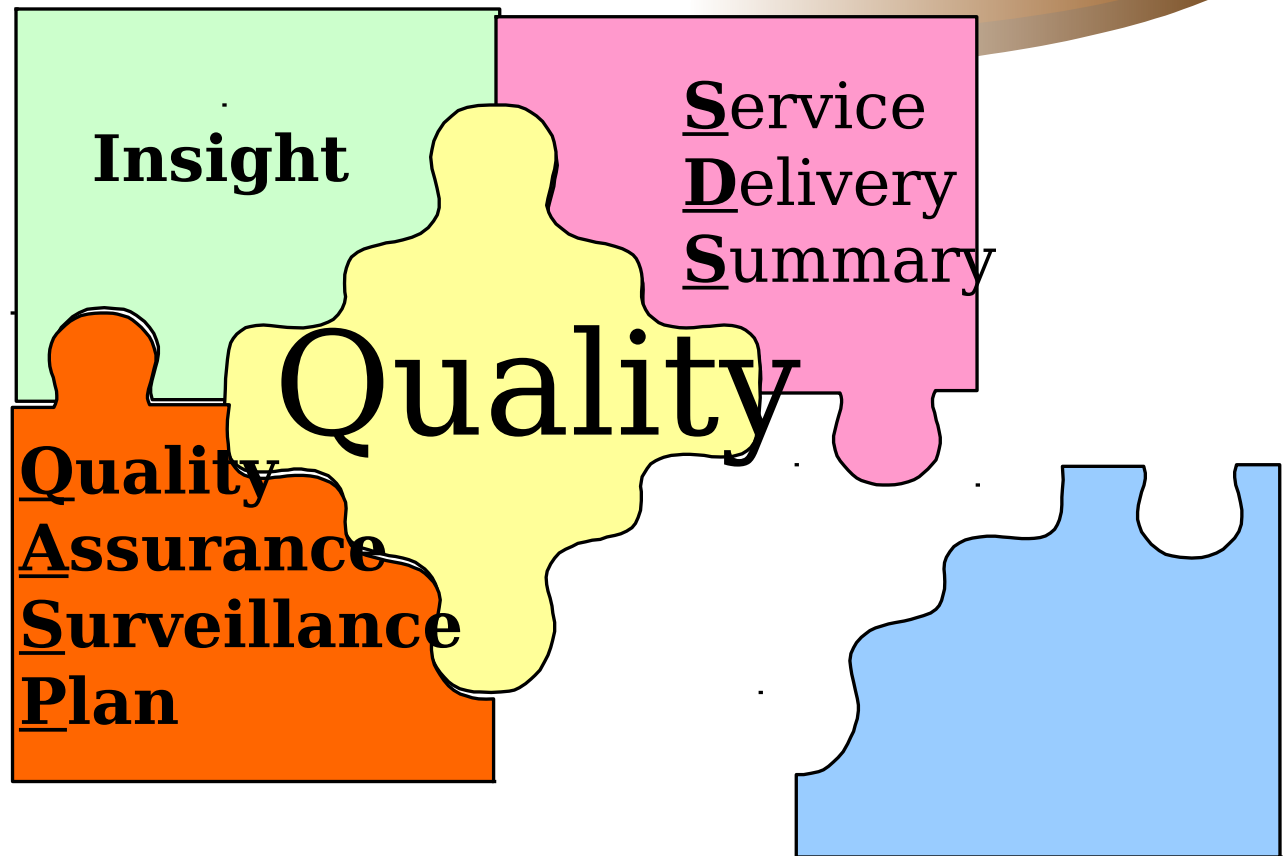
# *Service Delivery Summary*

## *QASP*



# *Performance Management*

## *Putting It All Together*



# *Manage Your Risk Not Your Contractor!*

- Practice Insight not Oversight
- Shift responsibility for quality of services from government to contractor
- Contractor Quality System is validated not duplicated
  - Requires minimal resources commensurate with acceptable risk



# *Inspection of Services Clause*



- Required to be on every contract
- Right to inspect anytime, any where
- Requires contractor to provide an inspection system
  - Contractor shall have records of inspections available to the Government
- Contractor shall re-perform deficient services

# *Commercial Items*



- Inspection/Acceptance (FAR 52.212-4)
  - Contractor shall only tender for acceptance conforming items
  - Government reserves right to inspect services tendered for acceptance (AFI 63-124 requires some form of surveillance)
  - Government may require re-performance of nonconforming services

# *Quality Assurance Surveillance Plan*

## **Not a Contractual Item!**

- What we inspect, When we inspect,

How we inspect

It is our choice!



# *No Rules?*



- Rules
  - We have to have a plan
  - We have to follow the plan
  - We have to have a record of our inspections and any corrective actions taken as a result of our inspections
- BUT! .... It is our plan!
  - We Don't Have To Do Anything Stupid

# *Surveillance Plans*



- Developed by the BRAG with the SOW and performance thresholds (standards)
- Who does what, when
- Similar to industry/commercial practices reflecting market research
- Tailored to requirement (risk management tool)

# Risk / Surveillance Continuum

Mission Risk	Confidence in Contractor Quality System		
	Excellent	Good	Poor
High Risk	<b>Reduced Surveillance</b> Decrease the number of scheduled assessments	<b>Normal Surveillance</b> Continue standard assessment activities	<b>Tightened Surveillance</b> Increase the number of scheduled assessments
Medium Risk	Reduced Surveillance	Reduced Surveillance	Tightened Surveillance
Low Risk	Minimum Surveillance Required	Minimum Surveillance Required	Maintenance Surveillance

# *Level of Surveillance*



- Start with the right level for the requirement
- Sometimes more frequent at start until confidence is gained
- Surveillance plans should be reviewed for adjustments by BRAG throughout the life of the contract

# *Who Does What, Where, When*

- QASP
  - Performance Objectives, Performance Thresholds, plus Method of Surveillance

<b>Performance Objective</b>	<b>SOW para.</b>	<b>Performance Threshold</b>
Prepare food IAW recipe cards	I.3.c.	95% of menu items/meal period

Method of Surveillance: QAE will verify weekly, during one meal period, 100% of the food prepared and served. The QAE will vary meal periods from week to week. QAE will verify that contractor generated metrics accurately reflect inspection results.



# *Who Does What, Where, When*

- QASP
  - Performance Objectives, Performance Thresholds, plus Method of Surveillance

<b>Performance Objective</b>	<b>SOW para.</b>	<b>Performance Threshold</b>
Turn all monies collected within three working days of reconciliation	I.3.c.	95% of the time annually

Method of Surveillance: QAE will review contractor generated metrics and verify that the performance threshold is maintained.

# *More examples*



- **Task** - Safety program
- **Objective** - Establish, implement, and maintain a comprehensive safety, program that meets the current requirements of federal law
- **Threshold** - No OSHA reportable violations resulting from contractor action or inaction
- **Threshold** - Mishap frequency and severity rate shall not exceed the base three year average
- **Surveillance Methods** - contractor metrics (validated by OSHA and mishap reports)

# *More examples*



- **Task** - Provide network help desk
- **Objective** - Timely and efficient service
- **Threshold** - 75% of technical support questions resolved within eight working hours, the remaining 25% of technical support calls resolved within 24 working hours.
- **Surveillance method** - contractor metric (validated by periodic audit of help desk logs)

# *More examples*



- **Task** - Family housing maintenance
- **Objective** - Provide maintenance and repair services to family housing at XYZ AFB
- **Threshold** - No more than 5 valid customer complaints regarding responding to and accomplishment of planned and non-planned work orders shall be received per month.
- **Method of surveillance** - customer complaint

# *Surveillance Plans*



- A draft QASP is provided to the contractors as part of the solicitation but not as a part of the resulting contract
- Open Communication
  - Listen to contractor (functional expert)
  - Apply good ideas
  - Opportunity to foster that “Partnering” environment

# *Assuring the “Whole”*



## **Methods of Surveillance**

- Audit of Contractor Provided QA
  - Require strict adherence to QC Plan -  
Know it ... Check it ... Don't Ignore it!
- Periodic Inspection
- Customer Feedback
- Metrics - Not ours ... Theirs!

# *Periodic Inspection*



- Flexible
- Can provide more confidence than other methods
- Results from a few inspections can be used to validate the whole:
  - contractor provided metrics
  - contractor inspection records
  - contractor inspection proficiency

# *CUSTOMER FEEDBACK*



- Critical that customers be provided education of contract expectations!!
- Can contract for contractor to administer program



# *METRICS*



- Provide periodic status of contractor performance
  - Must be Accurate
  - Must be Meaningful
- Once validated (see Periodic Inspection) provide more insight than an army of QAE's!

# *QASP Examples*



- Cellular phone service for Peterson AFB
  - Commercial success story
  - Resulted in a purchase of commercial air time and a validation that the product was acquired
- Logistics Data Technical Order Library is a bridge approach (AFM64-108 exemptions)
  - Periodic surveillance of contractor Quality Control
  - Customer Feedback

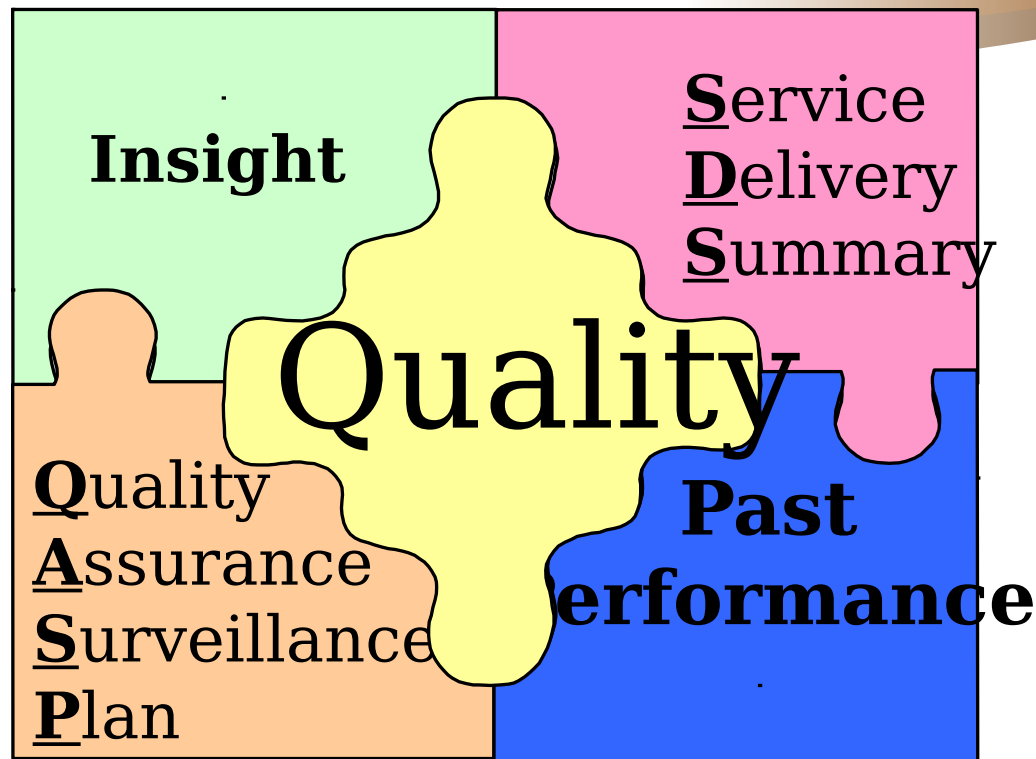
# *QASP Examples*



- AFSPC Library Services
  - New management information system (MIS) will allow centralized surveillance
- Mess Attendant Services for PAFB/CMAS
  - Developed using AFI63-124
  - Utilizes validation of metrics and QC program by periodic inspection

# *Performance Management*

## *Putting It All Together*



# *Past Performance*



- Effective use of past performance is an inherent part of performance management
  - Past performance influences acquisition strategy
  - Contractor's past performance record is a key indicator for predicting future performance
  - Assessment and feedback of contractor performance is an essential part of quality assurance

# *Past Performance*



- Collect information on all service contracts over \$1 million
- Evaluate past performance in source selections over \$1 million

# Contractor Report Card



## PAST PERFORMANCE AREA

RATING	AREA
<b>A - Exceptional</b>	Business
<b>B - Very Good</b>	Relations Management of Key
<b>C - Satisfactory</b>	Personnel
<b>D - Marginal</b>	Schedule
<b>F - Unsatisfactory</b>	Cost Control
	Quality of Service

# *Assessment Elements (Areas)*



- **Quality of Product or Service** - Assess the contractor's conformance to contract requirements, specifications and standards of good workmanship



# *Assessment Elements (Areas)*



- **Schedule** - Assess the timeliness of the contractor against the completion of the contract, task orders, milestones, delivery schedules, administrative requirements.

# *Assessment Elements (Areas)*



- **Cost Control** - Assess the contractor's effectiveness in forecasting, managing, and controlling contract cost

# *Assessment Elements (Areas)*




- **Mgmt of Key Personnel** -  
Assess the contractor's performance in selecting, retaining, supporting and replacing, when necessary, key personnel.

# *Assessment Elements (Areas)*

- **Business Relations** - Assess the ... timeliness, completeness and quality of **problem identification**, **corrective action** plans, proposal submittals, ... **reasonable and cooperative behavior**, **customer satisfaction**, management of subcontracts and achievement of socio-economic goals.

# *Performance Assessment*



- Team effort - BRAG
- Consistent with and built upon periodic QA reports and documentation
- Consistent with any award fee determinations
- Requires contractor review and feedback
- Fair and verifiable

# *Before Award*



- Look at past performance information during market research to determine:
  - Quality you can expect
  - Commercial performance standards and methods of acceptance
  - Explore best surveillance methods given specific requirements and resources available

# *Before Award*



- Determine role of past performance in acquisition strategy
  - Price performance trade-off
  - Source selection evaluation criteria
  - Relative importance
  - Method of obtaining past performance information

# *During Contract*



- Contractor Performance Assessment Report
  - Communication tool
  - Incentive to improve contractor performance
- Past performance may determine whether to exercise contract options
- Decide who gets delivery order on multiple award contracts



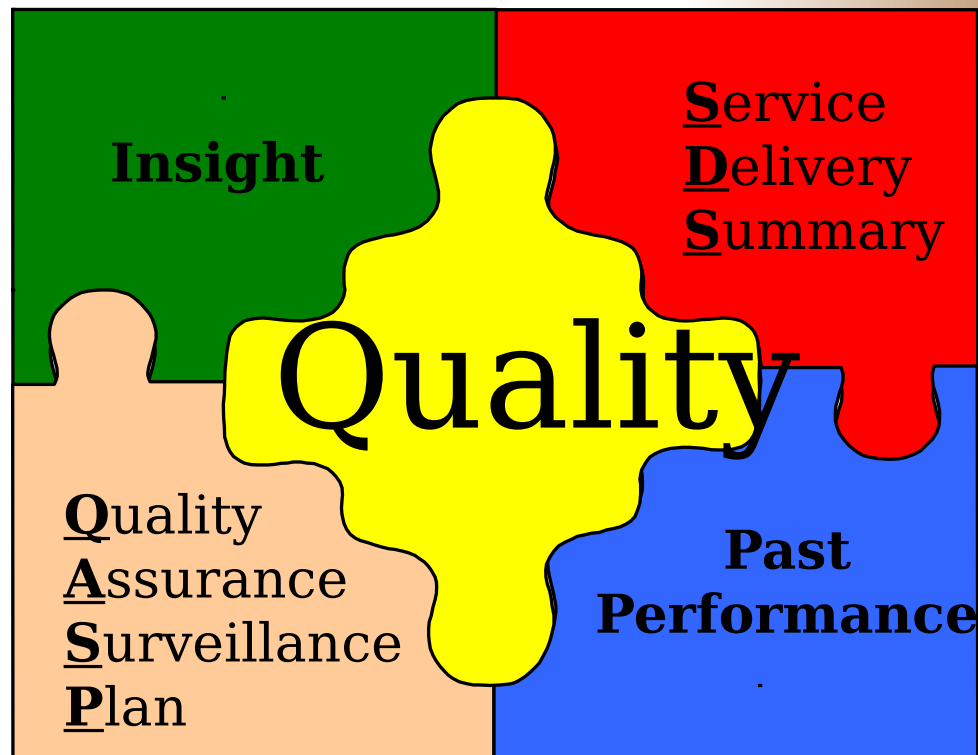
# *Other Incentives*



- Award Fee
- Incentive fee
  - Cost savings
  - Cost conditioned on performance
- Small Business Subcontracting goals

# *Performance Management*

## *Putting It All Together*



# *Characteristics of a Good Insight System*



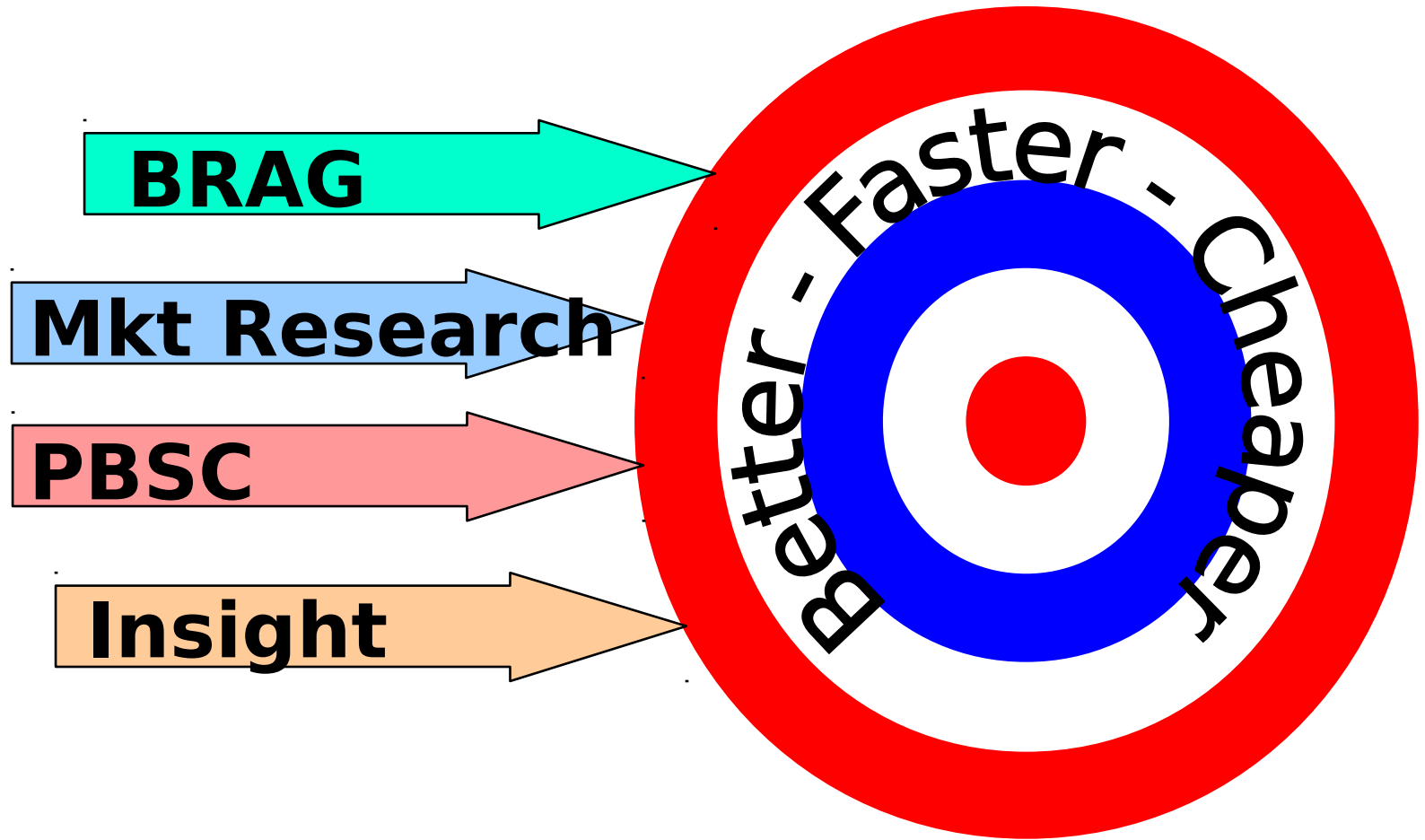
- Measurable requirements displayed by meaningful accurate metrics
- Promotes partnership
  - Open communication
  - Adjusted to actual performance
  - Similar to industry/commercial practices
  - Provides confidence of the whole
- Capitalizes on QAS and QAE Functions

# *Opportunities for Streamlining*



- Take Advantage of Contractor Databases
- On-line Customer Support Programs
- Centralized Quality Management Office
  - Mobile QA
  - Functional Quality Audits Management

# AFI 63-124 HITS THE TARGET



# ***Implement AFI 63-124 Now***

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- Form BRAGs for new & existing service contracts
- Use AFI 63-124 for new solicitations
- Begin reacquisitions earlier
- Convert existing contracts when it makes sense

# *Reference Site*



[www.spacecom.af.mil/  
HQAFSPC/contracting](http://www.spacecom.af.mil/HQAFSPC/contracting)

click on “AFI 63-124 (PBSC)”